

County of Los Angeles
DEPARTMENT OF PUBLIC SOCIAL SERVICES

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BRYCE YOKOMIZO
Director



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REVISED

March 30, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**RECOMMENDATION TO AWARD A CONTRACT TO
PDQ PERSONNEL SERVICES, INC., TO PROVIDE TERMINAL OPERATOR
SERVICES FOR THE STATEWIDE FINGERPRINT IMAGING SYSTEM (SFIS)
(ALL DISTRICTS - 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that services performed under this contract can be performed more economically by contractor than by County employees.
2. Approve and instruct the Chairman to sign the enclosed contract with PDQ Personnel Services, Inc., (PDQ) for the provision of Statewide Fingerprint Imaging System (SFIS) Terminal Operator Services in the Department of Public Social Services (DPSS), effective April 1, 2004 through March 31, 2007, at an estimated three-year cost of \$3,605,528. To the extent that these costs are claimed to CalWORKs and Food Stamps, there is no additional net County cost (NCC) after the required Maintenance of Effort (MOE) is met. The small share of cost associated with General Relief results in an estimated three-year NCC of \$141,697, of which \$23,616 is for FY 2003-04. Funding for this contract is included in the FY 2003-04 Final Adopted Budget. Funding for future fiscal years will be included in the Department's budget requests.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The contract with PDQ will provide approximately 43 skilled clerks (and additional skilled back-up clerks to cover absences) to operate SFIS fingerprint image workstations, currently located in 31 DPSS offices, at less cost than the County could provide if the service were to be performed by County employees.

Our County developed the predecessor of SFIS, the Los Angeles County Automated Fingerprint Image Reporting and Match (AFIRM) system, which virtually eliminated multiple case fraud on AFDC and General Relief caseloads. Given the proven effectiveness of the fingerprint matching systems in Los Angeles County, SFIS is a critical tool for fighting fraud. The use of trained contracted staff ensures matches on the system are accurately identified and processed.

On November 18, 2003, your Board approved delegated authority for the Director, DPSS, to extend the current contract for these services for one month, should your Board not take action on this recommendation to approve this successor contract prior to December 31, 2003, the current contract's expiration date (November 18, 2003 Agenda - Item Number 28). On December 30, 2003, DPSS executed an amendment to extend the contract for one month under this approved delegated authority.

In subsequent Board meetings, our recommendation was continued until your Board's January 27, 2004 meeting. At the meeting, County Counsel recommended that the item be continued until March 30, 2004 and that the current contract be extended accordingly "to allow the resolution of certain legal issues which have arisen regarding the contract's renewal. . . ." (January 27, 2004 Agenda - Item Number 15). This issue is addressed in the "Contracting" section on page 5 of this Board Letter.

The proposed contract is for clerical support services, and not directly a "social services contract." Nevertheless, the contract contains performance based outcomes that hold the contractor accountable for providing timely replacements when contracted staff are unable to report to their assignments, and standards that will minimize unacceptably high staff turnover on these long-term assignments as terminal operators. These provisions ensure minimal disruption at DPSS district offices, as well as ensuring trained and experienced staff are operating SFIS.

Implementation of Strategic Plan Goals

The contract is consistent with the principles of the Countywide Strategic Plan Goal #4, (Fiscal responsibility) to strengthen the County's fiscal capacity.

FISCAL IMPACT/FINANCING

The County's avoidable cost for the contract term was determined by projecting DPSS' costs for using an equal number of employees as required in the contract. We estimate the cost to utilize County staff to provide these services for three years at \$5,203,805. Based on these estimates, we project a savings of approximately \$1,226,631 for the three-year term. This equates to a 24 percent savings. (Enclosure I summarizes these comparisons.)

Consistent with Auditor-Controller (A-C) policies, no Letter of Representation is required, as this is a resolicitation of an existing contracted service.

The contractor will be paid a firm fixed hourly rate for providing terminal operators during the three-year period with no cost of living adjustment (COLA) increase. The total three-year contract cost is projected to be \$3,605,528 for 43 full-time operators.

Although not subject to a contract maximum, this projected cost may decrease based solely upon workload fluctuation.

To the extent that these costs are claimed to CalWORKs and Food Stamps, there is no additional NCC after the required MOE is met. The small share of cost associated with General Relief results in an estimated three-year NCC of \$141,697, of which \$23,616 is for FY 2003-04. Funding for this contract is included in the FY 2003-04 Final Adopted Budget. Funding for future fiscal years will be included in the Department's budget requests.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County's Prop A and Living Wage Ordinance provisions apply to this proposed contract, as County employees can perform these contracted services.

The contract term will be for three years, commencing April 1, 2004, and will continue through March 31, 2007.

The proposed contractor, PDQ, is a participant in the County of Los Angeles' Community Business Enterprise (CBE) Program as a woman-owned firm. Its CBE certification is valid until March 6, 2005.

The Contractor will recruit and provide, throughout the contract term, skilled clerical staff to be trained as terminal operators by the SFIS System vendor to finger image applicants of the GR, CalWORKs and Food Stamp Programs. Approximately 43 operators will be assigned to 31 DPSS offices located throughout the County.

The Contractor will have trained back-up staff available in order to replace staff promptly should absences occur.

The award of this contract will not result in unauthorized disclosure of confidential information and will be in full compliance with Federal, State and County regulations.

The contract complies with all of the requirements of Los Angeles County Code Section 2.121.380, which is a mandatory prerequisite for the award of this contract.

The contract includes the provision for the Contractor to first consider hiring County employees targeted for layoff or qualified former County employees who are on a re-employment list during the life of the contract when filling future vacancies.

The contract also requires that the Contractor consider hiring participants of the Greater Avenues for Independence (GAIN) program and General Relief Opportunities for Work (GROW) program.

The contract complies with all of the requirements of Los Angeles County Code Section 2.160, Living Wage Program. The Contractor will pay the required \$9.46 per hour with no health benefits, as specified in the Living Wage Ordinance.

The Contractor will not be asked to perform services which will exceed the Agreement's rates, scope of work, and contract term.

The contract contains Contractor Responsibility and Debarment language.

Provisions for the County's Jury Service Program have been included in the contract. The contractor is in compliance with the Jury Service Program.

The County may terminate the contract with a thirty (30) calendar day prior written notice. The contract also contains provisions that limit the County's obligation if funding is not appropriated by the Board of Supervisors for each year of the contract.

The Safely Surrendered Baby Law provision is included in the contract, which requires the contractor to notify and provide a fact sheet to their employees regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County and where to safely surrender a baby.

The contract has been approved as to form by County Counsel.

CONTRACTING PROCESS

PDQ was selected through a competitive solicitation process. On September 10, 2003, DPSS released a Request for Proposals (RFP). Based on the evaluation of submitted proposals, PDQ was the highest ranked proposer.

On June 26, 2003, DPSS released an RFP for these services. In response to the RFP, the Department received six proposals. Five of the six were disqualified as a result of proposer omissions in the area of establishing the minimum mandatory requirements. The process did not result in adequate competition to ensure reasonable prices in accordance with County resources. On September 9, 2003, we informed your Board that we canceled and reissued a new RFP for SFIS. On September 2, 2003, DPSS mailed interest letters to 119 potential bidders, including firms listed in the "County of Los Angeles Directory of Minority and Women-Owned Businesses." The Department generated interest through advertisements in ten newspapers, including publications targeting minority communities. Additionally, the RFP was posted on the Los Angeles County Bid Website.

In response to the September 10, 2003 RFP, the Department received five proposals and all met minimum mandatory requirements. Of the five proposals received through this competitive solicitation process, PDQ received the highest score from each of the evaluation panel members. Moreover, the evaluation panel members unanimously ranked PDQ highest in Quality Control, Management and Staff Qualifications, and Qualifications and Capability. Additionally, PDQ, as well as another proposer, was rated the highest in Past Performance and Experience. PDQ was not the lowest-cost bid, but their proposal offered superior service and quality control plans and was determined to have more corporate qualifications and capability than the competing proposals.

Prior to completing the evaluation process, all five of the proposers reported labor violations, which were referred to the County's Labor Law/Payroll Violation Assessment Team. The Team assessed ten penalty points to the second-place proposer for not reporting payroll violations. This process is necessary on all Prop A solicitations and is needed prior to completing the evaluation process.

The Local Small Business Enterprise (SBE) program's provisions were included in the RFP. No proposer claimed to be certified as a Local SBE vendor and no Local SBE credit was applied in this RFP's evaluation process.

On November 20, 2003, DPSS sent certified letters to the non-recommended vendors notifying them that they were not being recommended for contract award based on the evaluation of their proposals. In addition, the Department offered to debrief interested vendors on their respective proposal evaluation.

On January 27, 2004, County Counsel became aware of an issue related to PDQ involving certain workers' compensation claims. These claims arose out of alleged injuries suffered by employees of PDQ in the course of performing services for the County. PDQ's workers' compensation insurance carrier, Superior National Insurance Company (Superior National), became insolvent in March 2000. As a result of this insolvency, the California Insurance Guarantee Association (CIGA) took over the operation of Superior National. CIGA was named as a party in four workers' compensation proceedings that involve PDQ employees who were performing services for the County. CIGA has petitioned the Workers' Compensation Appeals Board to add the County as a party to these proceedings to ensure payment of these claims. Currently, the County has been added as a party to three out of the four proceedings. Based upon the terms of the County's existing contracts with PDQ, the County requested that PDQ defend and indemnify the County against all four claims. In response to the County's request, PDQ has accepted the defense and indemnity of these claims.

As required by the proposed contract, we will ensure that PDQ has satisfactory workers' compensation insurance coverage in place before PDQ commences any services under this recommended contract. County Counsel stated that they believe PDQ appropriately responded to the County with respect to the issues related to workers' compensation, and; therefore, these issues should not negatively impact our consideration of PDQ for this contract's award.

DPSS has received superior customer service from PDQ in its management of PDQ's three prior SFIS Terminal Operator Services contracts.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The award of this contract will not infringe on the role of the County in its relationship to its residents, and the County's ability to respond to emergencies will not be impaired. There is no change in risk exposure to the County. The contract is in compliance with all of the requirements of Los Angeles County Code Section 2.121.380, mandatory prerequisite for the award of a contract.

The Honorable Board of Supervisors
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CONCLUSION

The Executive Officer, Board of Supervisors, is requested to return one (1) adopted stamped Board Letter and four (4) original signed copies of the contract to DPSS.

Respectfully submitted,



Bryce Yokomizo
Director

BY:ro

Enclosures (2)

c: Chief Administrative Officer
County Counsel
Office of Affirmative Action Compliance

**PROPOSITION A CONTRACTING
COMPARISON OF ESTIMATED AVOIDABLE COSTS TO THE COST OF
CONTRACTING SFIS TERMINAL OPERATOR SERVICES**

COUNTY COSTS

(43 Intermediate Clerks)

Direct Costs

Salaries & Bonuses	\$3,349,145
Employee Benefits	\$1,847,379
Equipment/ S&S	<u>\$ 7,281</u>

Total County Cost (Avoidable Costs for Prop A Purposes)	\$5,203,805
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CONTRACT COSTS

Direct Costs

Contract Cost	\$3,605,528
Other Costs	<u>-0-</u>
Total Direct Costs	<u>\$3,605,528</u>

Indirect Costs

Employee Retraining	-0-
Contract Monitoring (1 HSA I & 1 ITC)	<u>\$ 371,645</u>
Total Indirect Costs	<u>\$ 371,645</u>

Total Contract Cost	\$3,977,174
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Estimated Savings from Contracting	\$1,226,631
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**PROPOSITION A CONTRACTING
CONTRACT EMPLOYEE WAGES AND BENEFITS
PDQ PERSONNEL SERVICES**

The proposed contract would save the County the cost of hiring staff to provide SFIS terminal operator services. The estimated three year savings is \$1,226,631 based on Auditor-Controller guidelines for cost comparison. Additional information on contract employees' wages and benefits is provided below.

COMPARISON OF WAGES

<u>Position</u>	<u>County Costs</u>	<u>Contractor Costs</u>
Intermediate Clerk	\$3,349,145	\$2,633,897
Employee Benefits	\$1,847,379	\$137,182

CONTRACTOR EMPLOYEE BENEFITS

Benefits

Health Plan	No. PDQ will pay Living Wage hourly rate at \$9.46 per hour in lieu of extending health care benefits.
Dental Plan	No
Sick Leave	No
Vacation	No. In lieu of vacation days, a bonus check equal to 1 week's is paid if employee has worked 1,500 hours. Employee eligible to this bonus after each 1500 hours worked.
Holidays	Yes, 5 days/year
Life Insurance	No
Retirement	No
Social Security	Yes

Health Benefits/Coverage

Annual Deductible	N/A
Benefits/Coverage Provided	N/A